

PERAC AUDIT REPORT



Bristol County Regional Contributory
Retirement System



JAN. 1, 2005 - DEC. 31, 2007



TABLE OF CONTENTS

Letter from the Executive Director	1
Statement of Ledger Assets and Liabilities.....	2
Statement of Changes in Fund Balances	3
Statement of Receipts.....	4
Statement of Disbursements.....	5
Investment Income	6
Schedule of Allocation of Investments Owned.....	7
Supplementary Investment Regulations	8
<u>Notes to Financial Statements:</u>	
Note 1 - Summary of Plan Provisions	13
Note 2 - Significant Accounting Policies	20
Note 3 - Supplementary Membership Regulations.....	21
Note 4 - Administration of the System	24
Note 5 - Actuarial Valuation and Assumptions.....	25
Note 6 - Membership Exhibit.....	26

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOSEPH E. CONNARTON, *Executive Director*

February 5, 2009

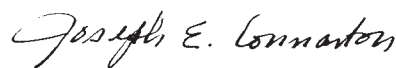
The Public Employee Retirement Administration Commission has completed an examination of the Bristol County Retirement System pursuant to G.L. c. 32, § 21. The examination covered the period from January 1, 2005 to December 31, 2007. This audit was conducted in accordance with the accounting and management standards established by the Public Employee Retirement Administration Commission, in regulation 840 CMR 25.00. Additionally, all supplementary regulations approved by PERAC and on file at PERAC are listed in this report.

In our opinion, the financial records are being maintained and the management functions are being performed in conformity with the standards established by the Public Employee Retirement Administration Commission.

We commend the Bristol County Retirement Board for the exemplary operation of the system.

In closing, I acknowledge the work of examiners Martin J. Feeney and John J. Shea who conducted this examination, and express appreciation to the Board of Retirement and staff for their courtesy and cooperation.

Sincerely,



Joseph E. Connarton
Executive Director



STATEMENT OF LEDGER ASSETS AND LIABILITIES

	AS OF DECEMBER 31,		
	2007	2006	2005
Net Assets Available For Benefits:			
Cash	\$6,373,208	\$6,597,420	\$7,000,599
Short Term Investments	479,434	717,011	0
Fixed Income Securities	69,353,222	46,123,953	45,010,762
Equities	68,932,424	117,514,825	104,679,585
Pooled Domestic Equity Funds	89,694,200	60,912,322	61,714,910
Pooled International Equity Funds	109,971,115	84,387,244	60,553,834
Pooled Domestic Fixed Income Funds	49,236,047	48,745,587	39,652,125
Pooled International Fixed Income Funds	9,357,859	10,911,227	10,632,473
Pooled Alternative Investment Funds	15,806,972	10,514,827	8,992,165
Pooled Real Estate Funds	27,235,820	24,087,443	13,082,224
Interest Due and Accrued	766,000	541,718	510,079
Accounts Receivable	868,158	789,366	1,104,487
Accounts Payable	(995,733)	(426,126)	(868,823)
Total	<u>\$447,078,727</u>	<u>\$411,416,816</u>	<u>\$352,064,419</u>
Fund Balances:			
Annuity Savings Fund	\$121,939,474	\$115,088,880	\$108,098,240
Annuity Reserve Fund	34,968,490	33,506,161	32,149,864
Pension Fund	15,456,122	15,488,175	11,700,653
Military Service Fund	42,266	32,756	31,547
Expense Fund	0	0	0
Pension Reserve Fund	274,672,376	247,300,845	200,084,116
Total	<u>\$447,078,727</u>	<u>\$411,416,816</u>	<u>\$352,064,419</u>

STATEMENT OF CHANGES IN FUND BALANCES

Beginning Balance (2005)

	Annuity Savings Fund	Annuity Reserve Fund	Pension Fund	Military Service Fund	Expense Fund	Pension Reserve Fund	Total All Funds
Ending Balance (2005)	\$101,940,266	\$30,929,871	\$15,291,412	\$22,541	\$0	\$180,792,536	\$328,976,626
Receipts	13,014,396	932,881	21,665,602	9,005	3,312,176	19,221,629	58,155,689
Interfund Transfers	(4,327,764)	4,257,813	0	0	0	69,951	
Disbursements	(2,528,657)	(3,970,701)	(25,256,361)	0	(3,312,176)	0	(35,067,896)
Ending Balance (2005)	108,098,240	32,149,864	11,700,653	31,547	0	200,084,116	352,064,419
Receipts	13,676,972	969,847	30,816,077	1,209	4,028,798	47,216,729	96,709,632
Interfund Transfers	(4,477,553)	4,477,553	0	0	0	0	0
Disbursements	(2,208,779)	(4,091,103)	(27,028,555)	0	(4,028,798)	0	(37,357,235)
Ending Balance (2006)	115,088,880	33,506,161	15,488,175	32,756	0	247,300,845	411,416,816
Receipts	14,740,086	1,140,446	28,809,386	9,510	4,292,009	27,371,531	76,362,967
Interfund Transfers	(4,819,013)	4,819,013	0	0	0	0	0
Disbursements	(3,070,479)	(4,497,130)	(28,841,439)	0	(4,292,009)	0	(40,701,056)
Ending Balance (2007)	<u>\$121,939,474</u>	<u>\$34,968,490</u>	<u>\$15,456,122</u>	<u>\$42,266</u>	<u>\$0</u>	<u>\$274,672,376</u>	<u>\$447,078,727</u>

STATEMENT OF RECEIPTS

	FOR THE PERIOD ENDING DECEMBER 31,		
	2007	2006	2005
Annuity Savings Fund:			
Members Deductions	\$12,858,736	\$12,141,733	\$11,478,071
Transfers from Other Systems	1,048,326	632,016	745,704
Member Make Up Payments and Re-deposits	122,551	121,112	189,435
Member Payments from Rollovers	47,629	156,768	16,174
Investment Income Credited to Member Accounts	662,843	625,344	585,012
Sub Total	<u>14,740,086</u>	<u>13,676,972</u>	<u>13,014,396</u>
Annuity Reserve Fund:			
Investment Income Credited to the Annuity Reserve Fund	<u>1,140,446</u>	<u>969,847</u>	<u>932,881</u>
Pension Fund:			
3 (8) (c) Reimbursements from Other Systems Received from Commonwealth for COLA and Survivor Benefits	728,550	658,745	574,374
Pension Fund Appropriation	1,490,778	919,461	988,617
	<u>26,590,059</u>	<u>29,237,871</u>	<u>20,102,612</u>
Sub Total	<u>28,809,386</u>	<u>30,816,077</u>	<u>21,665,602</u>
Military Service Fund:			
Contribution Received from Municipality on Account of Military Service	9,314	1,020	8,870
Investment Income Credited to the Military Service Fund	<u>197</u>	<u>189</u>	<u>135</u>
Sub Total	<u>9,510</u>	<u>1,209</u>	<u>9,005</u>
Expense Fund:			
Expense Fund Appropriation	0	0	0
Investment Income Credited to the Expense Fund	<u>4,292,009</u>	<u>4,028,798</u>	<u>3,312,176</u>
Sub Total	<u>4,292,009</u>	<u>4,028,798</u>	<u>3,312,176</u>
Pension Reserve Fund:			
Federal Grant Reimbursement	67,982	63,567	53,825
Pension Reserve Appropriation	0	0	0
Interest Not Refunded	40,992	27,440	34,637
Miscellaneous Income	18	361	687
Excess Investment Income	<u>27,262,539</u>	<u>47,125,361</u>	<u>19,132,481</u>
Sub Total	<u>27,371,531</u>	<u>47,216,729</u>	<u>19,221,629</u>
Total Receipts	<u>\$76,362,967</u>	<u>\$96,709,632</u>	<u>\$58,155,689</u>

STATEMENT OF DISBURSEMENTS

FOR THE PERIOD ENDING DECEMBER 31,			
	2007	2006	2005
Annuity Savings Fund:			
Refunds to Members	\$1,665,525	\$1,161,545	\$1,427,953
Transfers to Other Systems	<u>1,404,953</u>	<u>1,047,234</u>	<u>1,100,704</u>
Sub Total	<u>3,070,479</u>	<u>2,208,779</u>	<u>2,528,657</u>
Annuity Reserve Fund:			
Annuities Paid	4,426,135	4,073,676	3,793,017
Option B Refunds	<u>70,995</u>	<u>17,427</u>	<u>177,684</u>
Sub Total	<u>4,497,130</u>	<u>4,091,103</u>	<u>3,970,701</u>
Pension Fund:			
Pensions Paid:			
Regular Pension Payments	19,748,052	18,563,707	17,350,356
Survivorship Payments	1,479,143	1,374,417	1,366,468
Ordinary Disability Payments	395,820	333,185	337,846
Accidental Disability Payments	5,234,038	4,742,136	4,298,546
Accidental Death Payments	421,830	381,351	325,802
Section 101 Benefits	229,041	236,408	229,217
3 (8) (c) Reimbursements to Other Systems	1,333,514	1,397,351	1,348,125
State Reimbursable COLA's Paid	0	0	0
Chapter 389 Beneficiary Increase Paid	0	0	0
Sub Total	<u>28,841,439</u>	<u>27,028,555</u>	<u>25,256,361</u>
Military Service Fund:			
Return to Municipality for Members Who Withdrew Their Funds	0	0	0
Expense Fund:			
Board Member Stipend	15,000	15,000	15,000
Salaries	323,025	283,597	270,571
Legal Expenses	636,886	901,807	538,547
Medical Expenses	0	0	0
Travel Expenses	6,145	7,654	14,548
Administrative Expenses	233,427	223,030	199,944
Furniture and Equipment	11,462	3,530	4,410
Management Fees	2,502,339	2,111,096	1,827,290
Custodial Fees	374,427	319,591	291,984
Consultant Fees	128,518	125,656	106,250
Rent Expenses	0	0	0
Service Contracts	34,231	13,636	14,105
Fiduciary Insurance	<u>26,549</u>	<u>24,200</u>	<u>29,527</u>
Sub Total	<u>4,292,009</u>	<u>4,028,798</u>	<u>3,312,176</u>
Total Disbursements	<u>\$40,701,056</u>	<u>\$37,357,235</u>	<u>\$35,067,896</u>

INVESTMENT INCOME

	FOR THE PERIOD ENDING DECEMBER 31,		
	2007	2006	2005
Investment Income Received From:			
Cash	\$477,718	\$439,303	\$238,204
Short Term Investments	11,025	4,713	0
Fixed Income	3,008,381	2,922,642	2,893,926
Equities	2,195,569	2,004,783	1,543,921
Pooled or Mutual Funds	4,927,134	3,646,496	3,185,176
Commission Recapture	11,763	19,686	12,777
Total Investment Income	<u>10,631,590</u>	<u>9,037,623</u>	<u>7,874,004</u>
Plus:			
Realized Gains	30,003,486	15,802,405	14,203,615
Unrealized Gains	34,908,959	47,050,954	26,648,912
Interest Due and Accrued - Current Year	<u>766,000</u>	<u>541,718</u>	<u>510,079</u>
Sub Total	<u>65,678,445</u>	<u>63,395,077</u>	<u>41,362,605</u>
Less:			
Paid Accrued Interest on Fixed Income Securities	(443,395)	(331,453)	(414,085)
Realized Loss	(4,442,690)	(3,520,989)	(6,520,990)
Unrealized Loss	(37,524,198)	(15,320,641)	(17,843,245)
Interest Due and Accrued - Prior Year	<u>(541,718)</u>	<u>(510,079)</u>	<u>(495,606)</u>
Sub Total	<u>(42,952,000)</u>	<u>(19,683,162)</u>	<u>(25,273,924)</u>
Net Investment Income	<u>33,358,034</u>	<u>52,749,539</u>	<u>23,962,685</u>
Income Required:			
Annuity Savings Fund	662,843	625,344	585,012
Annuity Reserve Fund	1,140,446	969,847	932,881
Military Service Fund	197	189	135
Expense Fund	<u>4,292,009</u>	<u>4,028,798</u>	<u>3,312,176</u>
Total Income Required	<u>6,095,494</u>	<u>5,624,178</u>	<u>4,830,204</u>
Net Investment Income	<u>33,358,034</u>	<u>52,749,539</u>	<u>23,962,685</u>
Less: Total Income Required	<u>6,095,494</u>	<u>5,624,178</u>	<u>4,830,204</u>
Excess Income To The Pension Reserve Fund	<u>\$27,262,539</u>	<u>\$47,125,361</u>	<u>\$19,132,481</u>

SCHEDULE OF ALLOCATION OF INVESTMENTS OWNED

(percentages by category)

AS OF DECEMBER 31, 2007			
	MARKET VALUE	PERCENTAGE OF TOTAL ASSETS	PERCENTAGE ALLOWED
Cash	\$6,373,208	1.4%	100%
Short Term	479,434	0.1%	100%
Fixed Income	69,353,222	15.5%	20-80%
Equities	68,932,424	15.4%	60%
Pooled Domestic Equity Funds	89,694,200	20.1%	60%
Pooled International Equity Funds	109,971,115	24.6%	60%
Pooled Domestic Fixed Income Funds	49,236,047	11.0%	20-80%
Pooled International Fixed Income Funds	9,357,859	2.1%	20-80%
Pooled Alternative Investment Funds	15,806,972	3.5%	3-5%
Pooled Real Estate Funds	<u>27,235,820</u>	<u>6.1%</u>	5%
Grand Total	<u>\$446,440,301</u>	<u>100.0%</u>	

For the year ending December 31, 2007, the rate of return for the investments of the Bristol County Retirement System was 7.52%. For the five-year period ending December 31, 2007, the rate of return for the investments of the Bristol County Retirement System averaged 12.35%. For the twenty-three year period ending December 31, 2007, since PERAC began evaluating the returns of the retirement systems, the rate of return on the investments of the Bristol County Retirement System was 10.22%.

SUPPLEMENTARY INVESTMENT REGULATIONS

The Bristol County Retirement System submitted the following supplementary investment regulations, which were approved by the Public Employee Retirement Administration Commission on:

April 24, 2006

21.01(3)(4)(5) The PIMCO Diversified Income Fund may use derivative securities, including U.S. and non-U.S. government futures, interest rate swaps, credit default swaps, options, and mortgage derivatives. The Fund's statement of objectives allows unlimited use of such instruments, but actual use has never exceeded 15% of the Fund's total market value and is not expected to appreciably exceed this level. The Board and its consultant are satisfied with PIMCO's capability and experience in the use of such derivatives

September 7, 2005

16.08 The Bristol County Retirement Board is authorized to invest in the BlackRock Apartment Value Fund III (AVF III). The board has been a satisfied investor in the predecessor fund, SSR Apartment Value Fund II, which is currently in a liquidation phase in which more than 100% of the Board's investment, is expected to be returned by the time of the first capital call for AVF III. The acquisition of SSR Realty by BlackRock has resulted in no substantive changes either in personnel or in strategy for this program.

June 21, 2001

21.01(3) The Bristol County Retirement System may utilize forward foreign exchange contracts with a gross value up to 60% of the international equity portfolio managed by Arrowstreet Capital, L.P. The purpose of these contracts is not to take or increase risk but to reduce risk by assuring that the portfolio's currency position is in line with the MSCI-EAFE benchmarks. To offset the effect of equity holdings that may be higher or lower than the country percentage represented in the benchmark, offsetting long and short positions in foreign currency contracts will be used to bring the portfolio's currency composition in line with the benchmark.

SUPPLEMENTARY INVESTMENT REGULATIONS (Continued)

May 7, 2001

- 16.08 In accordance with PERAC Investment Guideline 99-3, the Bristol County Retirement Board may invest in Charles River Partnership XI. The Board has been an investor in Charles River Partnerships VII, VIII, IX, and X and has submitted information on those investments as well as other required documents.

December 28, 1999

- 16.08 In accordance with PERAC Investment Guideline 99-3, the Bristol County Retirement Board may invest in Charles River Partnership X. The Board has been an investor in Charles River Partnerships VII, VIII, and IX and has submitted information on those investments as well as other required documents.

October 27, 1998

- 19.01(7) (a) The range of fees that are considered tolerable, provided, however, that in no event shall a Board retain a qualified investment manager whose fee is based on a percentage of committed capital, provided, however, that such a fee may be paid for one year after the partnership commences operations, and provided further, that such a fee is paid by all investors;
- 19.01(7) (a) (6a) The board, however, may retain Charles River Partnership IX and pay compensation according to the fee schedule submitted to PERAC provided that such a fee is paid by all investors.

June 10, 1998 (DN Partners, L.P.)

- 21.01(8) Collateral loans including leveraged buyouts other than as follows:

Leveraged buyout investments shall not exceed 3% of the portfolio valued at market and shall consist of a leveraged buyout limited partnership, provided that:

- (a) limited partners do not participate in the selection of general partners and should a limited partner be required to participate in the selection of a general partner, prior to any participation by the board, the board shall consult with PERAC to determine the appropriate course of action, and
- (b) the general partners retain authority in the decision making process.

SUPPLEMENTARY INVESTMENT REGULATIONS (Continued)

May 27, 1998 (Senior Tour Players Fund I)

20.09(1) Venture capital investments shall not exceed 3% of the total market value of the portfolio at the time of the investment provided that in any system with assets in excess of nineteen million dollars, venture capital investments may be made up to an amount equal to 5% of the total market value of the portfolio at the time of investment, shall be considered a separate asset class, and provided further that:

(a) the board does not participate in the selection of the personnel responsible for making venture capital investments or otherwise exercise discretion in business affairs and should this be required, prior to any participation by the board, the board shall consult with PERAC to determine the appropriate course of action;

(b) such personnel retain authority in the decision making process, and

(c) should an investment in venture capital result in the direct ownership of securities, such shall be permitted only until such time as divestiture is prudent.

20.09(2) Venture capital investments shall only be made in venture capital funds operated by venture capital firms having their principal places of business in the United States, Europe, or Asia.

20.09(3) All venture capital investment shall be made in companies which have their principal places of business in the United States, Europe, or Asia.

May 14, 1998 (L&B Real Estate Counsel)

20.07(9) Commingled real estate shall not exceed 5% of the total book value of the portfolio at the time of purchase including investments in Hancock ForesTree IV L.P. which shall be limited to total investments of \$2,000,000 provided that:

(a) the retirement board does not participate in the selection of personnel responsible for making real estate investments and should this be required, prior to any participation by the board, the board shall consult with PERAC to determine the appropriate course of action;

(b) such personnel retain authority in the decision making process, and (c) should an investment in real estate result in the direct ownership of real estate or mortgage indebtedness, such shall be permitted only until such time as divestiture is prudent.

SUPPLEMENTARY INVESTMENT REGULATIONS (Continued)

March 6, 1998 (Phoenix Real Estate Advisors)

- 20.07(9) Commingled real estate shall not exceed 5% of the total book value of the portfolio at the time of purchase including investments in Hancock ForesTree IV L.P. which shall be limited to total investments of \$2,000,000 provided that:
- (a) the retirement board does not participate in the selection of personnel responsible for making real estate investments and should this be required, prior to any participation by the board, the board shall consult with PERAC to determine the appropriate course of action;
 - (b) such personnel retain authority in the decision making process, and
 - (c) should an investment in real estate result in the direct ownership of real estate or mortgage indebtedness, such shall be permitted only until such time as divestiture is prudent.

March 6, 1998 (Morgan Grenfell Global Bond Fund)

- 20.03(2) At least 20% but no more than 80% of the total portfolio valued at market shall consist of fixed income investments with a maturity of more than one year, including international fixed income investments which shall not exceed 5% of the portfolio valued at market.

August 13, 1997 (SSR Apartment Fund, L.P.)

- 20.07(9) Commingled real estate shall not exceed 5% of the total book value of the portfolio at the time of purchase including investments in Hancock ForesTree IV L.P. which shall be limited to total investments of \$2,000,000 provided that:
- (a) the retirement board does not participate in the selection of personnel responsible for making real estate investments and should this be required, prior to any participation by the board, the board shall consult with PERAC to determine the appropriate course of action;
 - (b) such personnel retain authority in the decision making process, and
 - (c) should an investment in real estate result in the direct ownership of real estate or mortgage indebtedness, such shall be permitted only until such time as divestiture is prudent.

SUPPLEMENTARY INVESTMENT REGULATIONS (Continued)

May 7, 1997 (Charles River Partnership VIII)

20.09(1) Venture capital investments shall not exceed 3% of the total market value of the portfolio at the time of the investment provided that in any system with assets in excess of nineteen million dollars, venture capital investments may be made up to an amount equal to 5% of the total market value of the portfolio at the time of investment, shall be considered a separate asset class, and provided further that:

- (a) the board does not participate in the selection of the personnel responsible for making venture capital investments or otherwise exercise discretion in business affairs and should this be required, prior to any participation by the board, the board shall consult with PERAC to determine the appropriate course of action;
- (b) such personnel retain authority in the decision making process, and
- (c) should an investment in venture capital result in the direct ownership of securities, such shall be permitted only until such time as divestiture is prudent.

NOTES TO FINANCIAL STATEMENTS

NOTE I – SUMMARY OF PLAN PROVISIONS

The plan is a contributory defined benefit plan covering all Bristol County Retirement System member unit employees deemed eligible by the retirement board, with the exception of school department employees who serve in a teaching capacity. The Teachers' Retirement Board administers the pensions of such school employees.

ADMINISTRATION

There are 106 contributory Retirement Systems for public employees in Massachusetts. Each system is governed by a retirement board, and all boards, although operating independently, are governed by Chapter 32 of the Massachusetts General Laws. This law in general provides uniform benefits, uniform contribution requirements, and a uniform accounting and funds structure for all systems.

PARTICIPATION

Participation is mandatory for all full-time employees. Eligibility with respect to part-time, provisional, temporary, seasonal, or intermittent employment is governed by regulations promulgated by the retirement board, and approved by PERAC. Membership is optional for certain elected officials.

There are 3 classes of membership in the Retirement System:

Group 1:

General employees, including clerical, administrative, technical, and all other employees not otherwise classified.

Group 2:

Certain specified hazardous duty positions.

Group 4:

Police officers, firefighters, and other specified hazardous positions.

NOTES TO FINANCIAL STATEMENTS (Continued)

MEMBER CONTRIBUTIONS

Member contributions vary depending on the most recent date of membership:

Prior to 1975:	5% of regular compensation
1975 - 1983:	7% of regular compensation
1984 to 6/30/96:	8% of regular compensation
7/1/96 to present:	9% of regular compensation
1979 to present:	an additional 2% of regular compensation in excess of \$30,000.

RATE OF INTEREST

Interest on regular deductions made after January 1, 1984 is a rate established by PERAC in consultation with the Commissioner of Banks. The rate is obtained from the average rates paid on individual savings accounts by a representative sample of at least 10 financial institutions.

RETIREMENT AGE

The mandatory retirement age for some Group 2 and Group 4 employees is age 65. Most Group 2 and Group 4 members may remain in service after reaching age 65. Group 4 members who are employed in certain public safety positions are required to retire no later than the end of month they attain age 65. There is no mandatory retirement age for employees in Group 1.

SUPERANNUATION RETIREMENT

A member is eligible for a superannuation retirement allowance (service retirement) upon meeting the following conditions:

- completion of 20 years of service, or
- attainment of age 55 if hired prior to 1978, or if classified in Group 4, or
- attainment of age 55 with 10 years of service, if hired after 1978, and if classified in Group 1 or 2

NOTES TO FINANCIAL STATEMENTS (Continued)

AMOUNT OF BENEFIT

A member's annual allowance is determined by multiplying average salary by a benefit rate related to the member's age and job classification at retirement, and the resulting product by his creditable service. The amount determined by the benefit formula cannot exceed 80% of the member's highest three year average salary. For veterans as defined in G.L. c. 32, § 1, there is an additional benefit of \$15 per year for each year of creditable service, up to a maximum of \$300.

- Salary is defined as gross regular compensation.
- Average Salary is the average annual rate of regular compensation received during the 3 consecutive years that produce the highest average, or, if greater, during the last three years (whether or not consecutive) preceding retirement.
- The Benefit Rate varies with the member's retirement age, but the highest rate of 2.5% applies to Group 1 employees who retire at or after age 65, Group 2 employees who retire at or after age 60, and to Group 4 employees who retire at or after age 55. A .1% reduction is applied for each year of age under the maximum age for the member's group. For Group 2 employees who terminate from service under age 55, the benefit rate for a Group 1 employee shall be used.

DEFERRED VESTED BENEFIT

A participant who has completed 10 or more years of creditable service is eligible for a deferred vested retirement benefit. Elected officials and others who were hired prior to 1978 may be vested after 6 years in accordance with G.L. c. 32, § 10.

The participant's accrued benefit is payable commencing at age 55, or the completion of 20 years, or may be deferred until later at the participant's option.

WITHDRAWAL OF CONTRIBUTIONS

Member contributions may be withdrawn upon termination of employment. Employees who first become members on or after January 1, 1984, may receive only limited interest on their contributions if they voluntarily terminate their service. Those who leave service with less than 5 years receive no interest; those who leave service with greater than 5 but less than 10 years receive 50% of the interest credited.

NOTES TO FINANCIAL STATEMENTS (Continued)

DISABILITY RETIREMENT

The Massachusetts Retirement Plan provides 2 types of disability retirement benefits:

ORDINARY DISABILITY

Eligibility: Non-veterans who become totally and permanently disabled by reason of a non-job related condition with at least 10 years of creditable service (or 15 years creditable service in systems in which the local option contained in G.L. c. 32, § 6(1) has not been adopted).

Veterans with ten years of creditable service who become totally and permanently disabled by reason of a non-job related condition prior to reaching “maximum age”.

Retirement Allowance: Equal to the accrued superannuation retirement benefit as if the member was age 55. If the member is a veteran, the benefit is 50% of the member’s final rate of salary during the preceding 12 months, plus an annuity based upon accumulated member contributions plus credited interest. If the member is over age 55, he or she will receive not less than the superannuation allowance to which he or she is entitled.

ACCIDENTAL DISABILITY

Eligibility: Applies to members who become permanently and totally unable to perform the essential duties of the position as a result of a personal injury sustained or hazard undergone while in the performance of duties. There are no minimum age or service requirements.

Retirement Allowance: 72% of salary plus an annuity based on accumulated member contributions, with interest. This amount is not to exceed 100% of pay. For those who became members in service after January 1, 1988 or who have not been members in service continually since that date, the amount is limited to 75% of pay. There is an additional pension of \$687.96 per year (or \$312.00 per year in systems in which the local option contained in G.L. c. 32, § 7(2)(a)(iii) has not been adopted), per child who is under 18 at the time of the member’s retirement, with no age limitation if the child is mentally or physically incapacitated from earning. The additional pension may continue up to age 22 for any child who is a full time student at an accredited educational institution.

NOTES TO FINANCIAL STATEMENTS (Continued)

ACCIDENTAL DEATH

Eligibility: Applies to members who die as a result of a work-related injury or if the member was retired for accidental disability and the death was the natural and proximate result of the injury or hazard undergone on account of which such member was retired.

Allowance: An immediate payment to a named beneficiary equal to the accumulated deductions at the time of death, plus a pension equal to 72% of current salary and payable to the surviving spouse, dependent children or the dependent parent, plus a supplement of \$312 per year, per child, payable to the spouse or legal guardian until all dependent children reach age 18 or 22 if a full time student, unless mentally or physically incapacitated.

The surviving spouse of a member of a police or fire department or any corrections officer who, under specific and limited circumstances detailed in the statute, suffers an accident and is killed or sustains injuries resulting in his death, may receive a pension equal to the maximum salary for the position held by the member upon his death.

In addition, an eligible family member may receive a one time payment of \$100,000 from the State Retirement Board.

DEATH AFTER ACCIDENTAL DISABILITY RETIREMENT

Effective November 7, 1996, Accidental Disability retirees were allowed to select Option C at retirement and provide a benefit for an eligible survivor. For Accidental Disability retirees prior to November 7, 1996, who could not select Option C, if the member's death is from a cause unrelated to the condition for which the member received accidental disability benefits, a surviving spouse will receive an annual allowance of \$6,000.

DEATH IN ACTIVE SERVICE

Allowance: An immediate allowance equal to that which would have been payable had the member retired and elected Option C on the day before his or her death. For death occurring prior to the member's superannuation retirement age, the age 55 benefit rate is used. The minimum annual allowance payable to the surviving spouse of a member in service who dies with at least two years of creditable service is \$3,000, provided that the member and the spouse were married for at least one year and living together on the member's date of death.

The surviving spouse of such a member in service receives an additional allowance equal to the sum of \$1,440 per year for the first child, and \$1,080 per year for each additional child until all dependent children reach age 18 or 22 if a full time student, unless mentally or physically incapacitated.

NOTES TO FINANCIAL STATEMENTS (Continued)

COST OF LIVING

If a system has accepted Chapter 17 of the Acts of 1997, and the Retirement Board votes to pay a cost of living increase for that year, the percentage is determined based on the increase in the Consumer Price Index used for indexing Social Security benefits, but cannot exceed 3.0%. Section 51 of Chapter 127 of the Acts of 1999, if accepted, allows boards to grant COLA increases greater than that determined by CPI but not to exceed 3.0%. The first \$12,000 of a retiree's total allowance is subject to a cost-of-living adjustment. The total Cost-of-Living adjustment for periods from 1981 through 1996 is paid for by the Commonwealth of Massachusetts.

METHODS OF PAYMENT

A member may elect to receive his or her retirement allowance in one of 3 forms of payment.

Option A: Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.

Option B: A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member, provided, however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree's beneficiary or beneficiaries of choice.

Option C: A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who remains unmarried for a member whose retirement becomes effective on or after February 2, 1992, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or "pops up") based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable "pops up" in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

NOTES TO FINANCIAL STATEMENTS (Continued)

ALLOCATION OF PENSION COSTS

If a member's total creditable service was partly earned by employment in more than one retirement system, the cost of the "pension portion" is allocated between the different systems pro rata based on the member's service within each retirement system.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The accounting records of the System are maintained on a calendar year basis in accordance with the standards and procedures established by the Public Employee Retirement Administration Commission.

The Annuity Savings Fund is the fund in which members' contributions are deposited. Voluntary contributions, re-deposits, and transfers to and from other systems, are also accounted for in this fund. Members' contributions to the fund earn interest at a rate determined by PERAC. Interest for some members who withdraw with less than ten years of service is transferred to the Pension Reserve Fund. Upon retirement, members' contributions and interest are transferred to the Annuity Reserve Fund. Dormant account balances must be transferred to the Pension Reserve Fund after a period of ten years of inactivity.

The Annuity Reserve Fund is the fund to which a member's account is transferred upon retirement from the Annuity Savings Fund and Special Military Service Credit Fund. The annuity portion of the retirement allowance is paid from this fund. Interest is credited monthly to this fund at the rate of 3% annually on the previous month's balance.

The Special Military Service Credit Fund contains contributions and interest for members while on a military leave for service in the Armed Forces who will receive creditable service for the period of that leave.

The Expense Fund contains amounts transferred from investment income for the purposes of administering the retirement system.

The Pension Fund contains the amounts appropriated by the governmental units as established by PERAC to pay the pension portion of each retirement allowance.

The Pension Reserve Fund contains amounts appropriated by the governmental units for the purposes of funding future retirement benefits. Any profit or loss realized on the sale or maturity of any investment or on the unrealized gain of a market valued investment as of the valuation date is credited to the Pension Reserve Fund. Additionally, any investment income in excess of the amount required to credit interest to the Annuity Savings Fund, Annuity Reserve Fund, and Special Military Service Credit Fund is credited to this Reserve account.

The Investment Income Account is credited with all income derived from interest and dividends of invested funds. At year-end the interest credited to the Annuity Savings Fund, Annuity Reserve Fund, Expense Fund, and Special Military Service Credit Fund is distributed from this account and the remaining balance is transferred to the Pension Reserve Fund.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - SUPPLEMENTARY MEMBERSHIP REGULATIONS

The Bristol County Retirement System submitted the following supplementary membership regulations, which were approved by the Public Employee Retirement Administration Commission on:

May 28, 2003

Upon becoming a member of the Bristol County Retirement System, said member may purchase any past service as a part-time, provisional, temporary, temporary provisional, seasonal or intermittent employee of Bristol County or any of its member units, provided that the member remits to the Board the appropriate amount of contributions that would have been withheld, together with regular interest, had he or she been a member of the Retirement System at the time service was rendered.

It shall be the sole responsibility of the member to obtain, and provide to the Board, verification of this past service rendered, including but not limited to payroll records indicating the amount of compensation received and the amount of hours worked. In the event that any or all of such original documentation is unavailable, the Board may exercise its discretion pursuant to M.G.L. c. 32, sec. 20(5)(c)(I), on a case by case basis, to accept alternative documentation to verify said service.

For members who purchase such past service rendered as a part-time, provisional, temporary, temporary provisional, seasonal or intermittent employee of Bristol County or any of its member units, creditable service shall be prorated and calculated based on 1040 hours of compensated employment in the aggregate being equivalent to one (1) year of creditable service. Members shall be credited with full months and full years of past service rendered and purchased.

November 22, 2002

The Board has adopted Travel Supplemental Regulations under the provisions of G.L. c.7, § 50 and G.L. c.32, § 21(4). (Regulation available upon written request)

NOTE 3 - SUPPLEMENTARY MEMBERSHIP REGULATIONS (Continued)

December 12, 1984

Creditable Service for Call Firefighters and Reserve Police Officers shall be granted according to the following rules:

- a) Service prior to March 1, 1964, shall be credited at the rate of one (1) month for every full year of service.
- b) Service subsequent to March 1, 1964, shall be credited at the rate of five (5) years maximum for any length of service, provided the recipient was later appointed as a permanent member of the police or fire department.

Part-time employees must become members of the Bristol County Retirement System provided the employee works twenty (20) hours per week.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - ADMINISTRATION OF THE SYSTEM

The System is administered by a five-person Board of Retirement consisting of the County Treasurer who shall be a member ex-officio, a second member appointed by the governing authority, a third and fourth member who shall be elected by the members in or retired from the service of such system, and a fifth member appointed by the other four board members.

Ex-officio Member: Kevin Finnerty

Appointed Member:	Christopher T. Saunders	Term Expires:	Until a successor is named
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Elected Member:	William Downey	Term Expires:	12/31/10
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Elected Member:	Stephen Rivard	Term Expires:	1/6/09
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Appointed Member:	Edmund Iacoponi	Term Expires:	12/31/08
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The Board members are required to meet at least once a month. The Board must keep a record of all of its proceedings. The Board must annually submit to the appropriate authority an estimate of the expenses of administration and cost of operation of the system. The board must annually file a financial statement of condition for the system with the Executive Director of PERAC.

The investment of the system's funds is the responsibility of the Board. All retirement allowances must be approved by the Retirement Board and are then submitted to the PERAC Actuary for verification prior to payment. All expenses incurred by the System must be approved by a majority vote of the Board. Payments shall be made only upon vouchers signed by two persons designated by the Board.

The following retirement board members and employees are bonded by an authorized agent representing a company licensed to do business in Massachusetts as follows:

Treasurer - Custodian:)	\$50,000,000 Fiduciary Liability
Ex-officio Member:)	St. Paul Travelers, National Union
Elected Member:)	Fire, Arch Insurance
Appointed Member:)	\$1,000,00 Fidelity
Staff Employee:)	MACRS Policy

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - ACTUARIAL VALUATION AND ASSUMPTIONS

The most recent actuarial valuation of the System was prepared by Buck Consultants, LLC as of January 1, 2007.

The actuarial liability for active members was	\$309,239,317
The actuarial liability for retired and inactive members was	<u>284,528,145</u>
The total actuarial liability was	593,767,462
System assets as of that date were	<u>390,706,411</u>
 The unfunded actuarial liability was	 <u>\$203,061,051</u>
The ratio of system's assets to total actuarial liability was	65.8%
As of that date the total covered employee payroll was	\$146,988,086

The normal cost for employees on that date was 8.2% of payroll

The normal cost for the employer was 3.8% of payroll

The principal actuarial assumptions used in the valuation are as follows:

Investment Return:	8.50% per annum
Rate of Salary Increase:	4.50% per annum

GASB STATEMENT NO. 25, DISCLOSURE INFORMATION AS OF JANUARY 1, 2007

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Cov. Payroll ((b-a)/c)
1/1/2007	\$390,706,411	\$593,767,462	\$203,061,051	65.8%	\$146,988,086	138.1%
1/1/2005	\$334,319,614	\$535,755,874	\$201,436,260	62.4%	\$134,953,427	149.3%
1/1/2003	\$291,903,656	\$440,692,634	\$148,788,978	66.2%	\$122,142,724	121.8%
1/1/2001	\$275,463,114	\$373,562,277	\$98,099,163	73.7%	\$121,345,005	80.8%

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - MEMBERSHIP EXHIBIT

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Retirement in Past Years										
Superannuation	92	64	94	90	62	123	120	79	82	80
Ordinary Disability	2	0	0	1	2	1	3	1	1	2
Accidental Disability	6	4	4	10	7	12	10	11	15	15
Total Retirements	100	68	98	101	71	136	133	91	98	97
Total Retirees, Beneficiaries and Survivors	1,582	1,566	1,592	1,628	1,781	1,822	1,860	2,000	2,020	2,039
Total Active Members	3,738	3,969	4,209	4,354	4,141	4,220	4,213	3,994	4,168	4,210
Pension Payments										
Superannuation	\$8,249,134	\$9,047,659	\$9,840,774	\$11,074,164	\$12,504,468	\$14,351,867	\$16,228,237	\$17,350,356	\$18,563,707	\$19,748,052
Survivor/Beneficiary Payments	728,671	715,715	730,722	728,093	463,787	1,300,669	1,309,579	1,366,468	1,374,417	1,479,143
Ordinary Disability	429,222	411,896	410,432	419,165	432,049	355,833	338,053	337,846	333,185	395,820
Accidental Disability	2,713,348	2,653,856	2,887,092	3,124,821	3,319,834	3,570,789	4,002,682	4,298,546	4,742,136	5,234,038
Other	1,338,903	1,418,146	1,516,552	856,508	962,631	1,899,378	2,904,172	1,903,145	2,015,111	1,984,385
Total Payments for Year	<u>\$13,459,278</u>	<u>\$14,247,272</u>	<u>\$15,385,572</u>	<u>\$16,202,751</u>	<u>\$17,682,769</u>	<u>\$21,478,536</u>	<u>\$24,782,723</u>	<u>\$25,256,361</u>	<u>\$27,028,555</u>	<u>\$28,841,439</u>

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